

WATER/DON:jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO.W-4394

May 8, 2003

R E S O L U T I O N

(RES. W-4394), COLD SPRINGS WATER COMPANY (CSWC). ORDER AUTHORIZING A ONE-TIME SURCHARGE TO RECOVER AN INCREASE IN WATER TESTING COSTS AND DEPARTMENT OF HEALTH SERVICES (DHS) FEES PRODUCING AN INCREASE IN ANNUAL REVENUE OF \$5,121 OR 3.2%.

SUMMARY

By Advice Letter No. 44, filed on February 24, 2003, CSWC seeks to add a one-time surcharge to its tariff Schedule No. 1, Annual General Metered Service, and Schedule No. 2RA, Annual Flat Rate Service, resulting in an increase in annual revenues of \$5,121 or 3.2%. This increase is to recover water testing costs and DHS fees incurred from June 2000 through July 2002 over and above the amount allowed in the last general rate case. CSWC's present rates became effective on March 28, 2002, pursuant to Decision No. 92-03-093, which authorized a Consumer Price Index (CPI) offset of \$2,516 or 1.6%. The last general rate case increase became effective January 1, 1994, pursuant to Res. No. W-3818, which authorized an increase in rates of \$6,850 or 5.6%, and a rate of return of 13.6%. This rate increase will not result in a rate of return greater than that authorized by Res. No. W-3818 since CSWC presently is operating at a loss.

BACKGROUND

CSWC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to recover \$1,228 in water testing costs and DHS fees. CSWC serves approximately 505 flat and metered customers in the unincorporated area adjacent to State Highway 108, known as Cold Springs, East of Long Barn, Tuolumne County, California. Staff reviewed all invoices for the water testing costs and the DHS fees. CSWC's Earnings Test for the calendar year 2002 shows a loss and that the company is not over earning on an actual basis.

DISCUSSION

Res. No. W-4013, dated December 20, 1996, which expired January 1, 2002, and Res. No. W-4327, dated March 6, 2002, authorized all Class B, C, and D Water Utilities to establish water quality memorandum accounts (WQMA) for recording expenses resulting from drinking water regulations, including water sampling, testing, reporting, and treatment costs, and office of drinking water user fee memorandum accounts (UFMA) to track California DHS user fees not presently included in rates. Class B, C and D Water utilities were also authorized to request recovery of these account balances by advice letter filings in accordance with General Order No. 96-A. WQMA recovery requires a resolution, while UFMA recovery does not. Since this advice letter requests recovery from both WQMA and UFMA, this resolution deals with both.

The surcharge requested herein would allow CSWC to recover WQMA and UFMA balances, which total \$1,228 from June 2000 through July 2002. The Water Branch recommends that CSWC be authorized to assess a one-time surcharge of \$2.43 per customer to recover the \$1,228 balance, which will be booked in WQMA and UFMA balancing accounts.

Service is satisfactory. CSWC is in compliance with all Commission orders.

NOTICE AND PROTESTS

Notice of the proposed rate increase was published in a local newspaper of general circulation on February 18, 2003. There were no protests concerning the proposed increase.

FINDINGS

1. Res. No. W-4327 authorizes all Class B, C, and D Water Utilities to establish WQMAs and UFMAs.
2. Class B, C, and D Water Utilities were also authorized to request recovery of these account balances by advice letter filings.
3. On February 24, 2003 CSWC filed Advice Letter 44 to increase rates to recover water testing and DHS fees.
4. The surcharge requested herein would allow CSWC to recover WQMA and UFMA balances, which total \$5,121 from June 2000 through July 2002.

5. It is proper for CSWC to assess a one-time surcharge of \$2.43 per customer to recover the WQMA and UFMA balances.

THEREFORE IT IS ORDERED THAT:

1. Cold Springs Water Company, Inc. is authorized, five days after the effective date herein, to make effective revised Schedule No. 1A, Annual Metered Service, and Schedule No. 2RA, Annual Flat Rate Service, attached to Advice Letter 44, and to cancel the corresponding presently effective rate schedules.
2. Cold Springs Water Company, Inc. is directed to maintain a balancing account as required by Public Utilities Code Section 792.5.
3. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on May 8, 2003; the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director

MICHAEL R. PEEVEY
President

CARL W. WOOD
LORETTA M. LYNCH
GEOFFREY F. BROWN
SUSAN P. KENNEDY

Commissioners